

serious menace to our entire banking system; while, with them, would also concurrently fall the bill-brokers, whose business solely lives in bill transactions, and who were already pressed for the repayment of advances by the banks. Hence (vi) it was imperative to frame some effective provision for preserving our foreign trade (burdened already by enhanced costs of freight and increased Marine Insurance premiums) on which our existence reposed; and the sole mode of effecting this object lay in sustaining the stability of the "accepting" houses which provide the credit upon which that trade materially depends. And here let me remark, as a monitory sign, that in more normal times, the failure of a single extensive "accepting" house is sufficient to create a profound crisis in itself: consider the "Baring" default of 1890: what colossal catastrophe, then, might not have resulted had a series of these houses now succumbed! Accordingly, on the 3rd August, a Moratorium<sup>x</sup> Act was summarily passed: "The Postponement of Payments Act, 1914." This Act was of an "empowering" nature only, and gave permission, by a Royal Proclamation, to postpone the payment of any bill of exchange or of any negotiable instrument or any other payment in pursuance of any contract, to such extent, for such time, and subject to such conditions or other provisions as the Proclamation might specify. The duration of the Act was stated to be six months. On the same day, the powers

<sup>1</sup> (a) Moratorium is the neuter of the Late Latin *Moratorius* (ultimately from *mora*, delay): a legal authorisation to a debtor to postpone payment for a certain period. The earliest use of the term appears to have been made in 1875, when a leading newspaper reported that "the merchants of Belgrade, taking advantage of warlike rumours, had petitioned for a Moratorium." Another form of expression appears to have been "Moratory," where the word is an adjective and the complete form is a "Moratory Law"; this phrase was employed in 1891. "Moratory" is an adaptation of the Late Latin term cited above—"serving to delay."

(b) A curious mistake had occurred. A Royal Proclamation is the creation of Law and without the sanction of Law is invalid. Such a Proclamation, relating to the deferment of payment of certain bills of exchange, was issued hurriedly on the 2nd August prior to the passing of the Postpone-

ment Act on which these Proclamations were founded: not possessing, therefore, the authority of Law it received a retrospective sanction in Section I (4) of the Act named in the text.